

REPORT OF THE
ALC-HOSPITAL & MEDICAID STUDY SUBCOMMITTEE
of the
Arkansas Legislative Council

July 18, 2019

Senator Cecile Bledsoe, Co-Chair

Representative Jeff Wardlaw, Co-Chair

Dear Co-Chairs:

The ALC-Hospital & Medicaid Study Subcommittee met Thursday, July 18, 2019, in Committee Room B of the Multi-Agencies Complex (MAC) in Little Rock, Arkansas. The subcommittee heard the following testimony regarding rural hospitals:

- 1) Cam Patterson, M.D., MBA, Chancellor, UAMS, discussed the UAMS mission of addressing critical healthcare needs of the state and improving healthcare outcomes statewide. He stated there are 105 critical access hospitals, 39 counties with only one hospital, and 28 counties with no hospital. He reminded the members of the recent closure of the DeQueen Hospital which was the first hospital closure in Arkansas since Arkansas' version of Medicaid Expansion, through the Affordable Care Act (ACA), was enacted. He did note that Navigant Healthcare has identified 17 other rural hospitals in Arkansas currently at a high level of financial risk.

He mentioned that the rural populations have high numbers of elderly, obesity, tobacco users, and people with chronic diseases. Dr. Patterson also mentioned that 2/3 of the land mass in Arkansas is depopulating and moving to urban areas. He stressed the need for more healthcare professionals of all types in the state. Dr. Patterson stated the struggle of rural hospitals is impacted greatly by the payer environment of various forms of reimbursement; such as private insurance, Medicare, and Medicaid.

- 2) Phillip Gilmore, PhD, MS, MHA, FACHE, President of the Arkansas Rural Health Partnership, and CEO of the Ashly County Medical Center, Crossett, Arkansas; spoke about the importance of a hospital to a rural community. He stated that rural communities need hospitals for economic growth and that the health status of a community declines when there isn't a hospital. He stated that his hospital has shown a profit the last 9 of 10 years, and that the hospital receives a quarter of a cent sales tax from the county to buy equipment and maintain its buildings.
- 3) Bo Ryall, President and CEO, Arkansas Hospital Association, emphasized the economic impact of hospitals on a community and that 22 hospitals are among the top 3 employers in their counties. He said hospitals are extremely grateful for the Medicaid Expansion because it has reduced the uninsured rate and the uncompensated care for hospitals. He noted that some of the financial challenges of hospitals is their reliance on public payers such as Medicare/Medicaid, which only reimburse approximately 78% of the cost of care; compared to commercial insurance and self-pay, which reimburse the full cost of care. Mr. Ryall noted that many rural hospitals rely mostly on Medicare and Medicaid for reimbursement, and as a result they are hit the hardest financially.

Senator Eddie Cheatham

Representative Fredrick Love